

**TDX Adak Generating, LLC**  
**Cost of Power Adjustment (COPA)/ Small Facility Power**  
**Purchase Rate (SFPPR)/ Power Cost Equalization (PCE) Update**  
**Memorandum**

Date: **December 23, 2020**

Utility Name <b>TDX Adak Generating, LLC</b>	Utility File No. <b>TA64-684</b>	Date Filed: <b>November 13, 2020</b>
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FILING SUMMARY		
Statutory Deadline: December 28, 2020	Tariff Sheets recommended for approval: Tariff Sheet No. 55 Filed on November 13, 2020 Tariff Sheet No. 56 Filed on November 13, 2020 Tariff Sheet No. 51 Filed on November 13, 2020	Staff Recommended Effective Date: December 28, 2020
Side-by-side Tariff Sheets attached as Appendix 4		

COPA SUMMARY				
Prior Commission Determination	Prior Commission Determination	Staff Recommended Determination		
TA Number and Effective Date	(\$/kWh)	(\$/kWh)	Change (\$/kWh)	
TA63-684 10/2/2020	\$ 0.5285	\$ 0.6626	\$ 0.1341	

SFPPR SUMMARY				
Prior Commission Determination	Prior Commission Determination	Staff Recommended Determination		
TA Number and Effective Date	(\$/kWh)	(\$/kWh)	Change (\$/kWh)	
TA63-684 10/2/2020	\$ 0.5918	\$ 0.5876	\$ (0.0042)	

PCE SUMMARY				
Prior Commission Determination	Prior Commission Determination	Staff Recommended Determination		
TA Number and Effective Date	(\$/kWh)	(\$/kWh)	Change (\$/kWh)	
TA63-684 10/2/2020	\$ 0.7540	\$ 0.7540	\$ -	

Signed:  Utility Tariff Analyst  
Jed Drolet

**Reasons for the above recommendations: See Attached Memorandum**

	Date, if different from 12/23/2020	I CONCUR	I DO NOT CONCUR	I WILL WRITE A DISSENTING STATEMENT*
Pickett		<u>RNP</u>		
McAlpine		<u>SM</u> SM		
Scott		<u>AGS</u> AGS		
Sullivan		<u>DS</u> DS		
Wilson		<u>JW</u> JW		

Special Instructions to Staff: \_\_\_\_\_

\* If this column is initialed, Staff will contact the Commissioner for the statement. Otherwise, dissent will be noted at the close of the By Direction Letter or Order.

**TDX Adak Generating, LLC  
COPA/SFPPR/PCE Update  
Memorandum**

To: Robert M. Pickett, Chair  
Stephen McAlpine  
Antony Scott  
Daniel A. Sullivan  
Janis W. Wilson

Date: December 23, 2020

File: TA64-684

Utility: TDX Adak Generating, LLC

From: Jed Drolet

Subject: COPA, PCE, SFPPR

**COPA Comments**

Staff reviewed this tariff filing to ensure compliance with applicable regulations (3 AAC 48.200-3 AAC 48.430). Staff also reviewed the proposed tariff sheets to ensure the stated text is easily understood, and the tariff provisions clearly and comprehensively describe and address the situation to which the tariff provision applies. Proposed revisions to COPA surcharges are reviewed under 3 AAC 52.504, which requires information supporting entries in the balancing account for the historical period, and support for projections for the future period.

**Staff Notes:**

The estimated fuel costs increased from \$171,856.51 to \$180,929.72. The estimated balancing account balance increased from (\$18,109.69) to \$8,134.75. The estimated kWh sales decreased from 290,916 kWh to 285,349 kWh. The upward pressure from the increase in estimated fuel costs, the increase in the balancing account balance, and the decrease in estimated sales combines to cause an increase in the COPA surcharge. The overall effect is an increase in TDX Adak Generating, LLC's (TAG) COPA surcharge from \$0.5285/kWh to \$0.6626/kWh.

**Staff Recommendation**

The Commission should approve Tariff Sheet No. 55, filed November 13, 2020, by TDX Adak Generating, LLC with TA64-684. The effective date of the tariff sheet should be December 28, 2020.

**SFPPR Comments**

TAG's tariff provides that the rate at which the Utility will purchase energy from Qualifying Facilities with a design capacity of 100 kW or less is calculated based upon the amount of diesel generation used in the most recent quarter, updated to reflect the current price of fuel, divided by the number of kWh sold in the most recent quarter.

**Staff Notes:**

TAG proposes a SFPPR of \$0.5876/kWh, which is a decrease of \$0.0042 from the previously approved SFPPR of \$0.5918/kWh.

**Staff Recommendation**

The Commission should approve Tariff Sheet No. 56, filed November 13, 2020, by TDX Adak Generating, LLC with TA64-684. The effective date of the tariff sheet should be December 28, 2020.

**PCE Comments**

Proposed adjustments to PCE amounts are evaluated under 3 AAC 52.600-690. Each participating regulated electric utility is required to submit revised PCE amounts in conjunction with COPA surcharge adjustments. The utility must provide information supporting the request for the PCE amount revision. Adjustments will be made to the PCE amount if the utility does not achieve the generation efficiency and line loss standards set out in 3 AAC 52.620. If a utility fails to meet the generation efficiency standards (kWh/gallon), Staff will impute the number of gallons that should have been consumed. Because 3 AAC 52.610(f) provides no guidance on the method of imputing the number of gallons that should have been consumed, Staff uses the method prescribed for non-regulated utilities in 3 AAC 52.610(g)(1)(B). Staff reviews the line loss for each reported month to determine if the 12% line loss standard has been met; if it has not, Staff reviews the annual line loss. If Staff determines that both the monthly and annual line loss standards have not been met Staff will impute the number of kWh that should have been sold. The resulting imputed sales and/or generation is then used to calculate an adjusted balancing account balance which is used in determining the total fuel power costs used in the calculation of the PCE amount.

**Staff Notes:**

In Order No. U-18-096(5), issued April 12, 2019, the Commission granted TAG's request for a modification of the line loss standard from 12% to 32% for seven years. TAG's line loss for the period reported in TA64-684 is less than 32%. Staff notes that TAG did not meet the fuel efficiency standard of 12.5 kWh per gallon in July and September 2020. Staff therefore imputed the number of gallons that should have been consumed to meet the standard, resulting in a reduction of 1,236 gallons for July and 308 gallons for September. This imputation reduced the actual balancing account balance from \$13,073.76 to \$7,614.71, which reduced the estimated balancing account balance from \$8,134.75 to \$2,675.70. TAG proposes a PCE amount of \$0.7540/kWh, which is the statutory maximum and is unchanged from the previously approved amount.

**Staff Recommendation**

The Commission should approve Tariff Sheet No. 51, filed November 13, 2020, by TDX Adak Generating, LLC in TA64-684. The effective date of the tariff sheet should be December 28, 2020.

**TDX Adak Generating, LLC  
COPA/SFPPR/PCE Update  
Memorandum**

Progress Reports

In Order No. U-18-096(5), issued April 12, 2019, the Commission relieved TAG of its requirement to file quarterly engineering reports on efforts to improve the safety, reliability, and efficiency of its system. TA64-684 therefore does not include such a report. In the same order the Commission required TAG to file annual reports showing evidence of diligent efforts to obtain financing or funding for proposed generation or transmission replacement projects to reduce line loss. The first such report was filed with TA60-684 and documented that TAG applied for and received a \$3,000,000 grant from the USDA High Energy Cost Grant program for Phase 1 of its "Power Plant Relocation and Distribution Upgrade Project." TAG expected that line loss and station service would be significantly reduced once Phase 1 of this project is complete. The second annual report was filed with TA64-684. In this report TAG states that it has continued work on the USDA-funded project, including geotechnical testing at the new power plant site, vendor selection for the generation modules, design and site survey for the distribution system upgrade, and completion of an upgrade to the distribution line serving the City of Adak's water pressure reducing valve.

**TDX Adak Generating, LLC**  
Calculation and Comparison of 500 kWh Bill  
TA64-684

Customer Bills	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)	Change
Surcharge (\$/kWh)	\$0.5285	\$0.6626	\$0.1341
PCE (\$/kWh)	\$0.7540	\$0.7540	\$0.0000
<b>500 kWh Customer Bill</b>			
Energy @ \$0.7205/kWh	\$360.25	\$360.25	\$0.00
Customer Charge	\$23.50	\$23.50	\$0.00
Regulatory Cost Charge @ \$0.000654/kWh	\$0.33	\$0.33	\$0.00
Surcharge Amount (\$)	\$264.25	\$331.30	\$67.05
PCE Credit Amount (\$)	(\$377.00)	(\$377.00)	\$0.00
Total Customer Bill (\$)	\$271.33	\$338.38	\$67.05

**TDX Adak Generating, LLC**  
Cost of Power Adjustment Amount  
TA64-684

Calculation of Cost of Power Adjustment			
Line	Description	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)
A	Estimated Per Unit Fuel Cost	\$3.629900	\$3.629824
B	Estimated Fuel Consumption	47,344.00	49,845.00
C	Estimated Per Unit Power Cost	-	-
B	Estimated Power Consumption	-	-
D	Total Estimated Fuel and Power Costs ((A*B)+(C*D))	\$171,854	\$180,929
E	Estimated Balancing Account Balance	\$ (18,110)	\$ 8,135
F	Total (D+E)	\$ 153,744	\$ 189,064
G	Estimated Retail Sales	290,916	285,349
H	Projected Cost of Power (F/G)	\$ 0.5285	\$ 0.6626
I	Base Cost of Power	\$ -	\$ -
J	Cost of Power Adjustment Amount (H-I)	\$ 0.5285	\$ 0.6626

Comments	

Actual Costs			
	Prior Quarter	Reported Quarter	Change
Per Unit Fuel Cost	\$ 4.14	\$ 3.74	\$ (0.40)
Total Fuel Cost	\$ 168,382.38	\$ 136,827.78	\$ (31,554.60)
Est. Balancing Account	\$ (18,109.69)	\$ 8,134.75	\$ 26,244.44

Actual Revenues			
	Prior Quarter	Reported Quarter	Change
Sales	249,767	225,902	(23,865.00)
Surcharge Revenues	\$ 188,602.71	\$ 140,331.02	(48,271.69)
Base Cost Revenues	\$ -	\$ -	\$ -

**Signature:** 

**Email:** bob.pickett@alaska.gov

**Signature:**   
Stephen McAlpine (Dec 23, 2020 12:23 AKST)

**Email:** stephen.mcalpine@alaska.gov

**Signature:**   
Antony Scott (Dec 23, 2020 12:43 AKST)

**Email:** antony.scott@alaska.gov

**Signature:**   
Daniel Sullivan (Dec 23, 2020 14:20 AKST)

**Email:** daniel.sullivan@alaska.gov

**Signature:**   
Janis Wilson (Dec 23, 2020 15:14 AKST)

**Email:** janis.wilson@alaska.gov

**TDX Adak Generating, LLC**  
**POWER COST EQUALIZATION**  
TA64-684

Calculation of Power Cost Equalization		
Line	Description	Updated Commission Determination (\$/kWh)
A	Non-Fuel Power Costs	0.6365
B	Fuel Power Costs	0.5008
C	Total Power Costs	1.1373
D	Total Costs Less \$0.2063/kWh	0.9310
E	95% of Total Power Costs	0.8845
F	Statutory Maximum [(1-0.2063)*0.95]	0.7540
G	Lesser of E or F	0.7540
H	Customer Class Rate	
	Residential	1.0904
	Small Commercial	1.0289
	Large Commercial	1.0709
I	Power Cost Equalization - Lesser of G or H	
	Residential	0.7540
	Small Commercial	0.7540
	Large Commercial	0.7540
J	Power Cost Equalization - After Reduction	100%
	Residential	0.7540
	Small Commercial	0.7540
	Large Commercial	0.7540

Amendment to Allowable Costs		
Line	Description	Amount
1	NON-FUEL COSTS	
2	Allowable Non-Fuel Cost	\$ 817,890
3	Twelve Month Total kWh Sales	1,286,353
4	Regulatory Cost Charge	\$ 0.000654
5	Total Non-Fuel Power Costs	0.6365
6	FUEL COSTS	
7	Current Fuel Price	\$ 3.629824
8	Estimated Fuel Consumption (gallons)	49,845.00
9	Estimated kWh Sales (kWh)	285,349
10	Balancing Account Balance (imputed)	\$2,675.70
11	Total Fuel Power Costs	0.6434
Surcharge Calculation		
Line	Description	Amount
1	Total Estimated Fuel Power Costs	180,929
2	Balancing Account Balance (imputed)	2,676
3	Total	183,605
4	Estimated Retail Sales	285,349
5	Projected Cost of Power	0.6434
6	Base Cost of Power	-
7	Surcharge	\$ 0.6434

Calculation of Average Customer Class Rate per kWh									
Line	kWh (by Block)	Rate (\$/kWh)	Customer Charge	COPA Surcharge (\$/kWh)	RCC (\$/kWh)	Total Rate (\$/kWh)	Total (\$)	Average Rate (\$/kWh)	Average Rate Less \$0.2063/kWh (\$/kWh)
1	Residential	0.7205	23.50	0.6434	0.000654	1.3646	705.80	1.4116	1.2053
2	Small Commercial	0.6590	23.50	0.6434	0.000654	1.3031	675.05	1.3501	1.1438
3	Large Commercial	0.6620	43.00	0.6434	0.000654	1.3061	696.05	1.3921	1.1858

RCA No. 684 48TH Revision Sheet No. 51  
Cancelling  
47TH Revision Sheet No. 51

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STATE OF ALASKA  
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**TDX Adak Generating, LLC**

**POWER COST EQUALIZATION**

The following conditions apply to Power Cost Equalization (PCE) eligibility.

1. Residential customers are eligible for PCE for actual consumption of not more than 500 kilowatt-hours per month.
2. Customers that are classified as local community facilities are eligible for PCE, calculated in the aggregate for each community served by the utility for actual consumption of not more than 70 kilowatt-hours per month for each resident of the community. The number of community residents shall be determined under AS 29.60.020.
3. Customers not listed above are not eligible for PCE.

If appropriations are sufficient for payment in full, the amount of Power Cost Equalization to be credited to the bills of all eligible customers rendered on or after the effective date set forth below, is as follows.

<u>Schedule</u>	<u>PCE Amount</u>	
Residential	\$ 0.7540 per kWh	R
Small Commercial	\$ 0.7540 per kWh	R
Large Commercial	\$ 0.7540 per kWh	R

Tariff Advice No. TA63-684 Effective: **October 2, 2020**

Issued by: TDX Adak Generating, LLC

By: John Lyons Title: TDX Power President

RCA No. 684 49TH Revision Sheet No. 51  
Cancelling  
48TH Revision Sheet No. 51



**TDX Adak Generating, LLC**

**POWER COST EQUALIZATION**

The following conditions apply to Power Cost Equalization (PCE) eligibility.

1. Residential customers are eligible for PCE for actual consumption of not more than 500 kilowatt-hours per month.
2. Customers that are classified as local community facilities are eligible for PCE, calculated in the aggregate for each community served by the utility for actual consumption of not more than 70 kilowatt-hours per month for each resident of the community. The number of community residents shall be determined under AS 29.60.020.
3. Customers not listed above are not eligible for PCE.

If appropriations are sufficient for payment in full, the amount of Power Cost Equalization to be credited to the bills of all eligible customers rendered on or after the effective date set forth below, is as follows.

<u>Schedule</u>	<u>PCE Amount</u>	
Residential	\$ 0.7540 per kWh	
Small Commercial	\$ 0.7540 per kWh	
Large Commercial	\$ 0.7540 per kWh	

Tariff Advice No. TA64-684 Effective: \_\_\_\_\_

Issued by: TDX Adak Generating, LLC

By: John Lyons Title: TDX Power President

RCA 684      38TH Revision      Sheet No. 55  
 Canceling 37TH Revision      Sheet No. 55

**RECEIVED**  
**AUG 18 2020**  
 STATE OF ALASKA  
 REGULATORY COMMISSION OF ALASKA

**TDX Adak Generating, LLC**

COST OF POWER ADJUSTMENT DETERMINATION

1. Estimated cost for three months beginning September 1, 2020

	Estimated Quantity (A)	Estimated Unit Cost (B)	Estimated Total Cost	
Diesel Fuel (gal)	<u>47,344</u>	<u>\$ 3.63</u>	<u>\$171,856.51</u>	R
Purchased Power			-0-	
<b>TOTAL</b>			<b>\$171,856.51</b>	R
2. Balance in Cost of Power Estimated Balancing Account as of <b>August 31, 2020</b>			<b>\$ (18,109.69)</b>	I
Balance in Actual Balancing Account as of <b>June 30, 2019 \$ 16,577.17</b>				
3. Total (1 + 2)			<u><b>\$153,746.82</b></u>	R
4. Estimated retail sales for three months (kWh)			290,916 /kWh	R
5. Projected cost of power (3/4)			\$ 0.5285 /kWh	R
6. Base Cost of Power			\$ - /kWh	
7. Cost of Power Adjustment Amount (5 - 6)			\$ 0.5285 /kWh	R

Tariff Advice No. TA63-684      Effective: October 2, 2020

Issued by: TDX Adak Generating, LLC

By: John Lyons      Title: TDX Power President

RCA 684      39TH Revision      Sheet No. 55  
 Canceling 38TH Revision      Sheet No. 55



**TDX Adak Generating, LLC**

COST OF POWER ADJUSTMENT DETERMINATION

1. Estimated cost for three months beginning December 1, 2020

	Estimated Quantity (A)	Estimated Unit Cost (B)	Estimated Total Cost	
Diesel Fuel (gal)	<u>49,845</u>	<u>\$ 3.63</u>	<u>\$180,929.72</u>	I
Purchased Power			-0-	
<b>TOTAL</b>			<b>\$180,929.72</b>	I
2. Balance in Cost of Power Estimated Balancing Account as of <b>November 30, 2020</b>			<b>\$ 8,134.75</b>	I
Balance in Actual Balancing Account as of <b>September 30, 2020 \$ 13,073.76</b>				
3. Total (1 + 2)			<u><b>\$189,064.47</b></u>	I
4. Estimated retail sales for three months (kWh)			285,349 /kWh	R
5. Projected cost of power (3/4)			\$ 0.6626 /kWh	I
6. Base Cost of Power			\$ - /kWh	
7. Cost of Power Adjustment Amount (5 - 6)			\$ 0.6626 /kWh	I

Tariff Advice No. TA64-684      Effective: \_\_\_\_\_

Issued by: TDX Adak Generating, LLC

By: John Lyons      Title: TDX Power President



RCA No. 684      37TH Revision      Sheet No. 56  
Cancelling 36TH Revision      Sheet No. 56

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**AUG 18 2020**  
STATE OF ALASKA  
REGULATORY COMMISSION OF ALASKA

**TDX ADAK GENERATING, LLC**

**Small Facility Power Purchase Rate**

The rate at which the Utility will purchase energy from Qualifying Facilities with a design capacity of 100 kW or less is calculated based upon the amount of diesel generation used in the most recent quarter, updated to reflect the current price of fuel, divided by the number of kWh sold in the most recent quarter.

A.	Number of gallons consumed (historical quarter)		40,721	gallons
B.	Current fuel price		<u>\$ 3.63</u>	\$/gallon
C.	Total Fuel Costs	A x B	\$ 147,815	
D.	kWh sold (historical quarter)		<u>249,767</u>	kWh
E.	Small Facility Power Purchase Rate	C / D	59.18 ¢/kWh	R

Tariff Advice No.      TA63-684      Effective      **October 2, 2020**

Issued by : **TDX ADAK GENERATING, LLC**

By : John Lyons      Title : TDX Power President

RCA No. 684      38TH Revision      Sheet No. 56  
Cancelling 37TH Revision      Sheet No. 56



**TDX ADAK GENERATING, LLC**

**Small Facility Power Purchase Rate**

The rate at which the Utility will purchase energy from Qualifying Facilities with a design capacity of 100 kW or less is calculated based upon the amount of diesel generation used in the most recent quarter, updated to reflect the current price of fuel, divided by the number of kWh sold in the most recent quarter.

A.	Number of gallons consumed (historical quarter)		36,572	gallons
B.	Current fuel price		<u>\$ 3.63</u>	\$/gallon
C.	Total Fuel Costs	A x B	\$ 132,750	
D.	kWh sold (historical quarter)		<u>225,902</u>	kWh
E.	Small Facility Power Purchase Rate	C / D	58.76 ¢/kWh	R

Tariff Advice No.      TA64-684      Effective

Issued by : **TDX ADAK GENERATING, LLC**

By : John Lyons      Title : TDX Power President